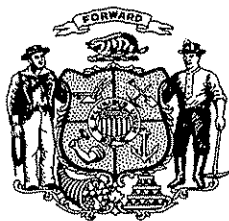


STATE OF WISCONSIN

SENATE CHAIR
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317 East, State Capitol
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Phone: (608) 266-9170



ASSEMBLY CHAIR
MARK POCAN

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: November 17, 2009

Re: Department of Children and Families Monthly Report on the
Wisconsin Shares Program

Attached is a report on the Wisconsin Shares Program from the Department of Children and Families.

The report is being provided at the request of the Co-Chairs to review progress on fraud prevention and investigation and on overpayment collections. The Co-Chairs requested the report be submitted to the Committee by the 15th day of each month.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm

Jim Doyle
Governor

Reggie Bicha
Secretary



State of Wisconsin
Department of Children and Families

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November 16, 2009

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BY: St. Finance

Honorable Mark Miller, Senate Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53702

Honorable Mark Pocan, Assembly Co-Chair
Joint Committee on Finance
Room 309 East, State Capitol
Madison, WI 53702

Dear Senator Miller and Representative Pocan:

The single most important thing we can do today to help ensure a strong successful future for Wisconsin is to invest in our children and families. We at the Department of Children and Families are focusing our efforts on protecting children, strengthening families, and building strong communities.

Wisconsin has come a long way to help children have the best education, best health care and best family support system possible. Together, we have accomplished a lot. But we can always do more for the children and families of the state.

The fraud discovered in our state's child care program is intolerable – and we will not stand for it. Wisconsin Shares is a vitally important program that provides affordable care for over 60,000 children from low-income families, so their parents can go back to work. We cannot allow bad actors to undermine such a critical program.

The Department of Children and Families (DCF) has taken aggressive action to eliminate fraud in the Wisconsin Shares program. This letter is an update on DCF's Wisconsin Shares fraud prevention and detection expenses and collections during October 2009.

Wisconsin Shares Fraud Prevention, Detection and Recovery Expenditures, October 2009

Expenditures related to fraud prevention and investigation: \$72,800

The above amount represents the costs of the recently created child care program integrity unit (Fraud Detection and Investigation); information technology programming costs for conducting data matches and analysis; and an estimate of the child care/TANF portion of costs related to state public assistance fraud and program integrity staff. Because counties have up to one month

to submit their costs on Wisconsin Shares fraud prevention, detection and recovery, their expenditures are not yet available for October.

Expenditures related to recovering overpayments due to error or fraud: \$11,600

The Public Assistance Collections Unit (PACU) of DCF coordinates the Department's efforts to collect public assistance overpayments, including Wisconsin Shares, which are attributed to participant error or fraud. The October 2009 expenditures related to recovering overpayments due to error or fraud are estimated to be \$11,600. DCF has recently reallocated two positions to the unit, increasing it from 4.5 FTE to 6.5 FTE, and expects recovery overpayment expenditures to increase in subsequent months, as will the overpayment collections as a result of this increased effort.

Overpayment and/or restitution collected by DCF: \$82,300

In October, DCF collected \$56,800 in child care overpayments that were the responsibility of the individual for whom the child care subsidy was paid and \$25,500 child care overpayments that were the responsibility of child care providers. These collections are the result of ongoing efforts to recover historical overpayments.

Most collections to date are due to DCF as a result of an administrative finding that an overpayment has occurred. In contrast, the term restitution implies a repayment amount ordered following a conviction. For example, a parolee might pay his or her probation officer and the Department of Corrections would remit amounts associated with public assistance debt to DCF after meeting other obligations. These amounts are currently rare and infrequent, generally associated with AFDC fraud cases from the 1980s.

Overpayment and/or restitution collected by other agencies: \$0

We are not aware of overpayments and/or restitution collected by other agencies in October 2009. DCF's PACU is the primary collection agency for public assistance overpayment and has access to a broader range of collection tools, notably including interception of tax refunds and administrative liens and levies.

Providers Suspended from the Wisconsin Shares Program, October 2009

During the month of October, the Department of Children and Families suspended payments to 36 child care providers, two of which have since been reinstated to the program. As requested, I have enclosed the list of providers suspended from the Wisconsin Shares program based on reasonable suspicion of fraud or conviction substantially related to the operation of a business.

Of the 36 suspended providers, 30 were in Milwaukee County. The circumstances surrounding the suspension of each of the 30 providers in Milwaukee County described here have been reviewed with the Child Care Anti-Fraud Task Force, which includes representation from multiple law enforcement agencies.

Senator Mark Miller
Representative Mark Pocan
November 16, 2009
Page 3

While we have not established overpayments for all of the child care centers suspended in October, for child providers that were suspended during the month of September, \$593,213 of overpayments have been established year-to-date. For most providers suspended in October, calculations of overpayments are currently being conducted by Milwaukee County and Department of Children and Families staff.

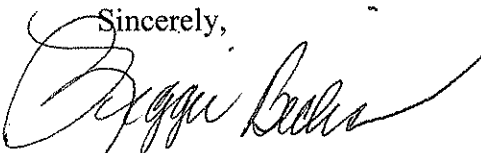
The Department of Children and Families has done more in the past 16 months to clean up the Wisconsin Shares Program than has been done in total since the creation of the program in 1996. Despite our unprecedented actions, there is still more work for all of us to do - not only to ensure the integrity of the Wisconsin Shares program, but ultimately to ensure that all Wisconsin children have access to and receive quality early childhood education.

In addition to taking aggressive action to eliminate fraud in the Wisconsin Shares program, the most recent budget gives DCF the authority to create a Wisconsin Quality Rating and Improvement System. In the coming weeks, we will present a plan to the Legislature to improve child care quality throughout the state, and ensure every child is safe and can have a great start in life.

Decades of research confirms that children who attend high quality child care do better in life. Children who attend high quality early care and education programs are more likely to graduate from high school; less likely to use drugs and alcohol; less likely to be involved in the criminal justice system; less likely to experience abuse or neglect; and are more likely to have higher paying jobs. A Wisconsin Quality Rating and Improvement System will give families the tools they need to make important decision about their child's care. Moreover, by shining a spotlight on centers and the practices that help children succeed and through training and development for centers striving to improve, this rating system would raise the quality of child care through out the state.

I appreciate your continued attention to these important issues and look forward to ongoing communication on our progress in our efforts to restore the Wisconsin Shares program to its noble intended purpose.

Sincerely,



Reggie Bicha
Secretary

Enclosures

cc: Michael Morgan, Department of Administration
Bob Lang, Legislative Fiscal Bureau

Providers Suspended from the Wisconsin Shares Program

October 2009

| Child Care | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|--------------------------------|-----------|-----------------|---|------------------|--|-----------------------------|------------|
| Asia Family Child Care | Milwaukee | 10/03/2009 | Provider had received multiple citations from licensors related to the maintenance of attendance records, including multiple no access visits and visits were children were signed in but not present | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Chonlada Family Child Care | Milwaukee | 10/03/2009 | During visit to the provider, licensors observed that the provider maintained separate attendance records for employee children and non-employee children. Attendance records indicated that completed records appeared to be photocopied with dates entered later. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Creative Years | Milwaukee | 10/03/2009 | Provider had previously had its license revoked. Among other citations, the licensee was overheard telling staff not to let the licensor take or see attendance records | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Jasmine's Learning House, Inc. | Milwaukee | 10/03/2009 | Provider has previously had its license revoked for serious violations of the federally funding. Department of Public Instruction administered Child and Adult Care Food Program. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |

| Child Care | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|--|-----------|-----------------|---|------------------|---|-----------------------------|------------|
| Johnson's Preschool and Learning | Milwaukee | 10/03/2009 | Between September 1, 2008 and the date of suspension, provider received \$416,150 in Wisconsin Shares payments. During a visit to the provider, licensors found that the licensee could not produce attendance records for the day. The provider stated that 7 or 8 children were on a field trip, but that she could not say which children they were. Many children did not have hours recorded. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Joy's Day Care Center | Milwaukee | 10/03/2009 | During a visit by licensors at 3:35 PM, zero second shift children had arrived. Attendance records indicated consistent arrival of second shift children at 3pm. Provider had previously received citations from licensors related to the maintenance of attendance records on multiple occasions. Between September 1, 2008 and the date of suspension, provider received \$139,163 in Wisconsin Shares payments at a location licensed to serve 8 children. Provider has had an overpayment of \$2502.31 established by Milwaukee County. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Keys 2 the Future | Milwaukee | 10/03/2009 | During a visit by licensors, the licensee did not have available an attendance record for that day; however, she was observed filling in attendance records and asked to stop. Provider had previously received citations from licensors related to the maintenance of attendance records on September 22, 2008 and April 23, 2009. Between September 1, 2008 and the date of the suspension, provider received \$154,720 in Wisconsin Shares payments at a location licensed to serve 8 children. | Yes | Yes - Provider has had an overpayment of \$1506.10 established by Milwaukee County. | Yes | \$1506.10 |

| Child Care | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|-------------------|-----------|-----------------|---|------------------|---|-----------------------------|--------------|
| Sandra Norwood | Milwaukee | 10/03/2009 | It was found in a June 2009 Legislative Audit Bureau Report that Sandra Norwood did not respond to the information request for October 2008 attendance records despite communication requiring that providers receiving Shares payments comply. When attendance records were acquired, there were several weeks of missing records, authorized children were not listed in some of the records, attendance was over reported and significant overpayment and certification violations were identified by the Milwaukee County Department of Health and Human Services staff. On two previous occasions, the provider was advised that she was in violation of the Child Care Certification enrollment policy. | Yes | Yes - Provider has had an overpayment of \$33,655.15 established with Milwaukee County. | Yes | None to date |
| Sunrise Academy | Milwaukee | 10/03/2009 | During a visit by investigators, only two children were present despite 15 Shares authorizations at a location licensed to serve 8 children. Between September 1, 2008 and the date of suspension, provider received \$103,770 in Wisconsin Shares payments at a facility licensed to serve 8 children. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| The Learning Spot | Milwaukee | 10/03/2009 | During a visit by investigators, three children were present, despite 18 children authorized at a location licensed to serve 8 children. Between September 1, 2008 and the date of suspension, provider received \$141,304 in Wisconsin Shares payments at a facility licensed to serve 8 children. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |

| Child Care | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|--------------------------------|-----------|-----------------|--|------------------|--|--|------------|
| Tisa's Child Care | Milwaukee | 10/03/2009 | During a visit by licensors, attendance records for the week were not immediately available. In subsequent reviews of collected attendance records, significant inconsistencies were identified between reported attendance of children and hours billed. Between September 1, 2008 and the date of suspension, provider received \$158,041 in Wisconsin Shares payments at a facility licensed to serve 8 children. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| A Step Above the Rest | Milwaukee | 10/03/2009 | During a recent visit, attendance records and employee timesheets were collected. Subsequent reviews concluded that the attended hours of child care for children of employees did not correspond with the hours that employees had been documented as working. Between September 1, 2008 and the date of suspension, provider received \$119,819 in Wisconsin Shares payments at a facility licensed to serve 8 children. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Angelia Harvey | Racine | 10/10/2009 | Provider was suspended as a result of a conviction of the licensee for a crime substantially related to the operation of a business, False Statement/Application for Wisconsin Works (W-2). | Yes | Overpayment establishment pending per formal investigation completion. | Will be referred to Task Force at their next meeting | N/A |
| Dream Angels Family Child Care | Milwaukee | 10/10/2009 | Child care provider was suspended from the Wisconsin Shares program for historical underreporting of Wisconsin Shares income to other public assistance programs, resulting in an active warrant docketed against her for outstanding funds owed to the Department of Children and Families. Provider has relinquished her child care license. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |

| Child Care | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|-----------------------------|-----------|-----------------|---|------------------|--|-----------------------------|------------|
| Kidz-N-Playhouse | Milwaukee | 10/03/2009 | During a visit by licensors, attendance records were collected, and in subsequent reviews, attendance sheets appeared to be copied with dates added later. Licensors collected 16 pages of identical pre-filled attendance records with no dates. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Lil Ms. Bea Learning Center | Milwaukee | 10/03/2009 | During a visit by licensors, attendance records for the day were inaccurate, captured in pencil, and appeared to be in all the same handwriting (despite the high number of children served). Between September 1, 2008 and the date of suspension, provider received \$913,596 in Wisconsin Shares payments at a facility licensed to serve 50 children. | Yes | Yes - Provider has had an overpayment of \$1578.92 established by Milwaukee County. | Yes | \$1578.92 |
| Miracles Start Young | Milwaukee | 10/03/2009 | Licensors visited the facility and were unable to access the facility 4 times during 2009, because zero children or adults were present. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Mother Jones | Milwaukee | 10/03/2009 | It was found in a June 2009 Legislative Audit Bureau Report that Mother Jones did not respond to the information request for October 2008 attendance records despite communication requiring that providers receiving Shares payments comply. In reviews of attendance records, inconsistencies were identified between reported attendance of children and hours billed and gaps in records. Provider had previously received citations from licensors related to the maintenance of attendance records on March 26, 2009 and May 4, 2009. | Yes | Yes - Provider has an overpayment of \$782 Additional overpayments are in the process of being established. | Yes | \$782 |

| Child Care | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|--------------------------------|-----------|-----------------|---|------------------|--|-----------------------------|------------|
| Mrs. Smith's Child Care Center | Milwaukee | 10/03/2009 | Upon arriving at the facility during operating hours, licensors observed an adult enter the home, but after knocking loudly and ringing the door bell, which was clearly audible from outside, there was no response. Blinds and curtains were drawn, and there was no evidence of children present. Between September 1, 2008 and the date of suspension, provider received \$101,468 in Wisconsin Shares payments at a facility licensed to serve 8 children. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Pama's Child Care Services | Milwaukee | 10/03/2009 | During a visit by licensors, attendance records for the day were inaccurate. In subsequent reviews of attendance records, significant inconsistencies were identified between reported attendance and hours billed. Between September 1, 2008 and the date of suspension, provider received \$160,792 in Wisconsin Shares payments at a facility licensed to serve 8 children. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Quality and Flexible Family | Milwaukee | 10/03/2009 | Attendance records were collected during a visit by investigators, and subsequent reviews of attendance records indicated significant inconsistencies between reported attendance of children and hours billed. Between September 1, 2008 and the date of suspension, provider received \$138,938 in Wisconsin Shares payments at a facility licensed to serve 8 children. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |

| Child Care | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|-------------------------|-----------|-----------------|---|------------------|--|--|--------------|
| Renee's Baby Nirvana | Milwaukee | 10/03/2009 | During a visit by licensors, attendance records were collected, and subsequent reviews of attendance records indicated significant inconsistencies between reported attendance of children and hours billed. There was no record of attendance for 62% of the children for whom the provider had been reimbursed during that period of time. The provider had previously received citations from licensors related to the maintenance of attendance records on October 29, 2008 and June 18, 2009. Between September 1, 2008 and the date of suspension, provider received \$182,749 in Wisconsin Shares payments at a facility licensed to serve 8 children. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Fannie Foster | Kenosha | 10/10/2009 | It was found in a June 2009 Legislative Audit Bureau Report that Fannie Foster did not respond to the information request for October 2008 attendance records despite communication requiring that providers receiving Shares payments comply. Upon subsequent review of attendance records, it was found that summer authorizations for the provider's grandchildren exceeded 70-80 hours for each child. After reviewing the mother's employment records, it appears as though she was only working 8 hour shifts, yet had her children reporting attendance in child care for over 90 hours a week. There were also several occurrences of duplicate sign in/out sheets and missing attendance sheets. | Yes | Yes - An overpayment of \$57,673.28 has been established. | Will be referred to Task Force at their next meeting | None to date |

| Child Care | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|--|-----------|-----------------|--|------------------|--|--|------------|
| Jessica's All Better Day Care | Kenosha | 10/10/2009 | Provider was suspended as a result of convictions of the licensee for crimes substantially related to the operation of a business, including felony and misdemeanor theft-related crimes. | Yes | Overpayment establishment pending per formal investigation completion. | Will be referred to Task Force at their next meeting | N/A |
| KC's Family Day Care | Milwaukee | 10/10/2009 | Provider was suspended as a result of convictions of the licensee for crimes substantially related to the operation of a business, including multiple theft-related crimes. Licensee currently has an active warrant docketed against her for outstanding funds owed to the Department as an individual participant. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Lil Sweet P's Academy Childcare Center | Milwaukee | 10/10/2009 | Provider was suspended as a result of a conviction of the licensee for a crime substantially related to the operation of a business, Theft-False Representation. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Norma's Kiddieland Academy College | Milwaukee | 10/10/2009 | Provider was suspended as a result of a conviction of the licensee for a crime substantially related to the operation of a business, felony public assistance fraud. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Shelly's Family Day Care | Chippewa | 10/10/2009 | Provider was suspended as a result of a conviction of the licensee for a crime substantially related to the operation of a business, theft. | Yes | Overpayment establishment pending per formal investigation completion. | No | N/A |
| Cherryland Child Care | Milwaukee | 10/10/2009 | During a visit by investigators, access could not be gained to the facility, as no adults or children were present. Provider has since reported closing the business. Between September 1, 2008 and the date of suspension, provider received \$240,632 in Wisconsin Shares payments. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |

| Child Care | County | Suspension Date | Suspension Reason | Payment Stopped? | Overpayment Established | Referred to Law Enforcement | Collection |
|---|-----------|-----------------|---|------------------|--|-----------------------------|------------|
| Mrs. J Marie Child Development Center | Milwaukee | 10/10/2009 | During an on-site visit, investigators were unable to gain access to the facility. Although it appeared that no one had been to the facility in a number of days, the provider reported perfect attendance for the week of the visit. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| SN Learning Center | Milwaukee | 10/24/2009 | During an on-site visit, the attendance records were unavailable for review or collection. Between September 1, 2008 and the date of suspension, provider received \$103,162 in Wisconsin Shares payments at a facility licensed to serve 8 children. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Mighty Creator Daycare | Milwaukee | 10/31/2009 | During on site visits to provider's two locations, there was no access at one location, and at the other location, the attendance records were pre-filled with hours of perfect attendance. Provider has had an overpayment of \$3010.00 established by Milwaukee County. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| Nuk Nuk Child Development Center | Milwaukee | 10/31/2009 | The Department suspended payments to this provider due to a pending felony charge against the provider that substantially relates to the care of children. The provider already has a current suspension of authorizations by Milwaukee County, and the provider's license has been revoked. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |
| The Marc Center Child Development Academy | Milwaukee | 10/31/2009 | The Department suspended payments to this provider following an on-site investigation where only one child was present even though 23 are authorized to attend. Attendance records were not available during the on-site visit. Between September 1, 2008 and the date of suspension, provider received \$252,310 in Wisconsin Shares payments. | Yes | Overpayment establishment pending per formal investigation completion. | Yes | N/A |

